

Testimony Before The Michigan Senate Committee on Economic Development**September 10, 2014****By Sean Reed, Founder & Executive Director, Clean Energy Coalition****Introduction**

Chairman Kowall and distinguished members of the committee, thank you for the opportunity to testify on behalf of Clean Energy Coalition regarding the importance of clean fuels and advanced technology vehicles to our state's economic prosperity.

My name is Sean Reed. I am the founder and executive director of Clean Energy Coalition. Clean Energy Coalition is a Michigan-based, non-profit, non-partisan organization that is dedicated to promoting clean energy technologies as a way to create healthier, energy independent communities. Since its launch in 2005, Clean Energy Coalition has managed innovative energy efficiency, renewable energy, and clean transportation projects in over 130 of our state's communities. In sum, these projects are valued at more than \$60 million, including over \$40 million in advanced technology vehicle and fuel infrastructure projects just over the past few years.

Overview On Michigan's Clean Fuel & Advanced Technology Vehicle Industry

There can certainly be no denying that the automotive sector has been a bedrock industry for Michigan for some time now and will remain so moving steadily into the future. It is by far our state's largest industry, directly supporting 15% of the state's workforce – equivalent to 500,000 jobs or nearly a quarter of the entire automotive workforce nationally. As our state looks to deploy a comprehensive and long-term strategy to support auto sector growth, I ask that you consider these two numbers and the significant difference between them: **0.4%** and **7.3%**. According to data from the federal Energy Information Agency (EIA), **0.4%** represents the national average annual increase in the number of conventional fuel vehicles on the road over the next 25 years. Conversely, **7.3%** represents the annual increase in the number of alternative fuel vehicles on the road over the same time period.

There are a number of significant market drivers pushing the disparity between these two numbers, including: (a) steadily declining reserves of petroleum globally – also referred to as peak oil; (b) dramatic increases of domestic natural gas and propane production; (c) advances in battery storage technology; (d) stricter environmental regulations pertaining to air pollution; and (e) a growing consumer and fleet preference for advanced technology vehicles. Given the fact that Michigan stands to benefit considerably from this growth in advanced technology vehicles, it is worth examining what we are doing as a state to stand as a leader in this arena from a policy standpoint.

The Train Has Left The Station

Michigan, the heart of the automotive industry in the United States, is seeing opportunities in this area leave the state in increasing numbers due to a significant lack of political support. As an example of this, while the total number of clean energy sector jobs in the U.S. increased over the last ten years, the number of these jobs in Michigan decreased by nearly 1,600 over the same time period. According to the U.S. Department of Energy's "Alternative Fuels Data

Center,” the state of California has a total of 15 policies supporting the purchase of alternative fuel vehicles. Texas has 7. Oklahoma has 5. And even the state legislature in Ohio, yes, Ohio, has at least one state-enacted policy on the books, and they are actively working on more. Yet, how many do we have in Michigan – the automotive state? The answer is – zero!

That’s right, we are doing absolutely nothing right where we live to incentivize the purchase of our state’s core bread and butter product and its highest growth product segment – advanced technology vehicles. A segment of the auto market that is slated to increase by 524% over the next 25 years. The results of this lack of focus have become abundantly clear. Michigan currently ranks 17th in the nation in the number of alternative fuel vehicles in use per capita and 22nd in the nation in alternative fuel stations per capita.

What Can Be Done

However, it’s not all bad news. We have an excellent baseline, which puts us second in the nation, behind Kentucky, in the number of employees working in the advanced vehicle technology sector. Given the expertise of our workforce, Michigan is better positioned than any other state to manufacture the vehicles that meet the demands of a growing alternative fuels market. With studies showing that investments in clean energy technologies create between 2.6 to 3.6 times as many jobs as investments in conventional energy technologies, Michigan stands to benefit enormously from the growth in sales of advanced technology vehicles.

I thank the members of this committee for your sincere commitment to catalyzing economic development and job growth in Michigan. By supporting the investment in advanced technology vehicles, such as compressed natural gas (CNG), liquefied petroleum gas (LPG), electric, biodiesel, and ethanol, Michigan can ensure that it remains the global leader in automotive research, design, and manufacturing. This industry is important to Michigan, and indeed the nation, because it is the true future of powertrain development and manufacturing.

I ask that you consider what more can be done on a state policy level in order to ensure the long-term success of this industry. While it is helpful that states like California and Texas have a demonstrated commitment to this sector’s success, I believe that it is Michigan that should be leading the way and showing other states how they can transform their automotive markets, rather than the other way around. Let’s make them catch up to us and look our way for inspiration.

Thank you for the opportunity to speak today and for your diligent work on behalf of Michigan’s citizens and communities. I will happily take any questions that you might have at this time.